

HAILEY COLLEGE OF COMMERCE
UNIVERSITY OF THE PUNJAB, LAHORE

Course Title: Microeconomics

Credit Hours: 3

Course Code: BSAF-201

Semester: 03

1.0 Introduction to the Course:

This course provides an introduction and insight into the basics of a broad range of microeconomic concepts, theories, application and analytical techniques. It is aimed at the analysis of individual decision-making units like the consumers and producers.

This course is designed for a four year degree class starting after intermediate for the purpose of preparing the students of commerce to critically analyze the behavior of consumers and producers. It covers Consumer Behavior Theory, Markets, Demand and Supply, Production and Costs, Market Structures and factor reward determination. It will provide a foundational understanding of Microeconomics.

2.0 Prerequisite Course(s) or other requirements/skills:

There are no prerequisites, however, this course requires basic skills related to logic, mathematics and common knowledge usually acquired after passing the intermediate examination.

3.0 Course Objectives:

1. The objective of this course is to provide a basic overview of microeconomic principles.
2. The course provides an overview of the foundational concepts related to the subject

4.0 Course Learning Outcomes:

1. Student will be able to understand Microeconomic Concepts and comprehensive understanding of those concepts.
2. Student will be able to apply the concepts learnt to make basic individual economic decisions related to any organization as required by a graduate in the area of commerce.

5.0 Course Contents

Unit-I: Introduction to Microeconomics

- 1.1 Definition of Economics
- 1.2 Definitions of Microeconomics
- 1.3 Nature and scope of Microeconomics
- 1.4 Subject matter of Microeconomics
- 1.5 Basic Terminology
 - 1.5.1 Consumer and Producer
 - 1.5.2 Economic Commodity
 - 1.5.3 Scarcity
 - 1.5.4 Opportunity Cost
 - 1.5.5 Production Possibility Frontier

MLO Statements

1. Define the subject and understand basic concepts that will be used in further units
2. Understand the nature and contents in Microeconomics

Unit-II: Consumer Behavior (Utility Approach)

- 2.1 Utility, Marginal and Total Utility
- 2.2 Law of Diminishing Marginal Utility
- 2.3 Law of Equi-Marginal Utility
- 2.4 Application of the Utility Theory
- 2.5 Assumptions and limitations of the Utility Theory

MLO Statements

1. Learn what questions are answered by Consumer theory.
2. Understand and describe the laws of utility.

Unit-III: Consumer Behavior (Indifference Approach)

- 3.1 Basics of Ordinal theory of consumer behavior
- 3.2 Indifference Curves
- 3.3 Budget Line and changes in budget line
- 3.4 Consumer's Equilibrium with Indifference Approach
- 3.5 Changes in Consumer's Equilibrium

MLO Statements

1. Understand and explain the ordinal theory of consumer behavior
2. Describe the consumer's equilibrium

- 3.6 Price Consumption Curves and Income Consumption Curves
- 3.7 Deriving Demand Curve with the Indifference Approach

Unit-IV: Theory of Demand

- 1.1 Definition of Demand

- 1.2 Determinants of Demand
- 1.3 The Law of Demand
- 1.4 Changes in Demand
- 1.5 Application of the demand theory

- MLO Statements
1. Understand the concept of demand
 2. Describe the law of demand and apply it

Unit-V: Theory of Supply

- 5.1 Definition of Supply
- 5.2 Determinants of Supply
- 5.3 The Law of Supply
- 5.4 Changes in Supply
- 5.5 Application of the Supply theory

- MLO Statements
1. Understand the concept of Supply
 2. Describe the law of Supply and apply it

Unit-VI: Market Equilibrium

- 6.1 Interaction of demand and supply
- 6.2 Market Equilibrium
- 6.3 Shortage and Surplus
- 6.4 Market Imperfections: Price ceiling and price support
- 6.5 Impact of Changes in Demand and Supply on Market Equilibrium

- MLO Statements
1. Explain the market equilibrium
 2. Explain perfect and imperfect markets

Unit-VII: Elasticity of Demand and Supply

- 7.1 The Concept of Elasticity
- 7.2 Elasticity of demand and its types
- 7.3 Arc Elasticity and Point Elasticity
- 7.4 Measurement of Elasticity of Demand
- 7.5 Income and Cross Elasticity
- 7.6 Elasticity of Supply

- MLO Statements
1. Understand the concept of Elasticity
 2. Learn and explain the calculation of elasticities

Unit-VIII: Production

- 1.1 Production Function
- 1.2 Law of Variable Proportions & Laws of Return
- 1.3 Laws of Return to scale

- MLO Statements
1. Understand the concept of Production
 2. Explain the laws of production

Unit-IX: Cost

- 1.1 Cost of Production
- 1.2 Fixed and Variable Costs
- 1.3 Concepts of Costs (Marginal, Average Cost etc.)
- 1.4 Short & long run Cost Curves

- MLO Statements
1. Understand the concept of Costs
 2. Explain the laws of costs and construct cost curves

Unit-X: The Market Revenue

- 10.1 Revenues in different markets

MLO Statement
Understand and explain the concepts of revenues under different market conditions

10.2 Total, Average and Marginal Revenue

10.3 Revenue and Elasticity

Unit-XI: Markets under Perfect Competition

11.1 Definition and Characteristics of Perfect Competition

11.2 Perfect Competition in the short and long run

11.3 Industry Supply curve under perfect competition

MLO Statement
Explain price and output determination under perfect competition

Unit-XII: Markets under Monopoly

12.1 Definition and Characteristics of Monopoly

12.2 Monopoly in the short and long run

12.3 Price Discrimination

MLO Statement
Explain price and output determination under Monopoly

Unit-XIII: Markets under Monopolistic Competition

13.1 Definition and Characteristics of Monopolistic Competition

13.2 Monopolistic Competition in the short and long run

13.3 Basic Concepts of Duopoly and Oligopoly

MLO Statement
Explain price and output determination under Imperfect markets

Unit-XIV: Factor Pricing

1.1 Marginal Productivity Theory

1.2 Ricardian Theory of Rent

1.3 Liquidity Preference Theory

MLO Statement
Understand how wages, interest and rent are determined

6.0 Teaching & Learning Strategies

Lectures, Discussions, Quiz, Assignments and Presentations

7.0 Assignments

Student will be required to submit assignments on regular basis

8.0 Assessment and Examinations

Sessional (25%)	Mid-Term (35%)	Final (40%)
Quizzes and Tests, Assignment and Presentations, Attendance, Class Participations and Discipline etc.	Written Examination	Written Examination

9.0 Textbooks

1. *Principles of Microeconomics* 3e

By: Shapiro D., MacDonald D., Greenlaw S. A., and several contributing authors
Copyright: by OpenStax is licensed under Creative Commons Attribution License v4.0
Freely Available at: <https://openstax.org/details/books/principles-microeconomics-3e>

2. *Intermediate Microeconomics*

By: Patrick M. Emerson

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Freely Available Text Book (With certain Conditions)

Link: <https://open.oregonstate.edu/intermediatemicroeconomics/>

3. *An Introduction to Economics*

By: Sayyid Salman Rizavi

Copyright: Sayyid Salman Rizavi

Published By: Syed Mobin & Co. Urdu Bazar Lahore

Recommended by UGC/HEC for BCOM/BSAF

10.0 Suggested Reading and additional text

1. CAF-02 Introduction to Economics and Finance by ICAP
2. McConnell, C. R., Brue, S. L., & Flynn, S. M. (2005). Economics: Principles, problems, and policies. New York: McGraw-Hill/Irwin.
3. Samuelson, P. A., & Nordhaus, W. D. (2009). Macroeconomics 19e.